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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Wheat.** Winter wheat production is forecast at 1.71 billion bushels, down 9% from last year. Based on conditions as of May 1, the U.S. yield is forecast at 41.9 bushels per acre. This is down 3.1 bushels from last year's record high average, but if realized, would be the second highest U.S. average on record. Total U.S. wheat production is projected by the USDA's World Agricultural Outlook Board (WAOB) at 2,356 million bushels, down 7% from last year. The projected price range is \$3.05 to \$3.45, compared with \$3.40 estimated for the 1997 crop.

♦**Corn.** The U.S. 1998 corn crop is projected at 9.64 billion bushels by the WAOB, up 3% from 1997, and second only to the 10.1-billion 1994 crop. The March *Prospective Plantings* area and a trend yield of 129.6 bushels per acre are assumed. Total U.S. 1998/99 corn supplies are up 6 % because of the larger crop and higher carry in stocks. The projected price range for the 1998 corn crop is \$2.05 to \$2.45 per bushel.

♦**Soybeans.** U.S. 1998 soybean output is projected by the WAOB at a record 2.8 billion bushels, up 3% from 1997. Plantings of 72 million acres would be record large and a yield of 39.5 bushels per acre would be the highest since the 1994 record of 41.4 bushels. Soybean prices are projected at \$4.75 to \$5.75 per bushel, down from \$6.45 for the 1997 crop. Soybean meal prices of \$145 to \$160 per short ton would be the lowest since the mid 1980's.

♦**All Oranges.** Production for the 1997-98 season is forecast at a record large 14.0 million tons, up 11% from last season's previous record large production of 12.7 million tons.

♦**Cotton.** The U.S. cotton outlook for 1998 includes sharply lower production, exports, and ending stocks relative to the current year, according to the WAOB. Production is projected at 16.7 million bales, down more than 10%. The export forecast of 6.0 million bales is down 20% due to tighter U.S. supplies and more foreign competition.

♦**Rice.** U.S. rice production in 1998 is projected at 183 million cwt by the WAOB, up 2% from 1997. Domestic use is projected to grow, although at a slower rate than earlier in the decade. Global 1998/99 rice production is projected at a record 387 million tons, up 2%, as a return to normal global weather is assumed.

♦**Cattle.** May 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 9.72 million head, down 2% from a year earlier. Placements were up 2% from the previous year while marketings of fed cattle were 2% below 1997. At mid-May, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$65 per cwt, down \$1.00 from mid-April. Fed cattle prices should improve to the low \$70's per cwt toward the end of 1998. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$75 per cwt at mid-May, down about \$1.00 from mid-April.

♦**Hogs.** Hog slaughter during April was up 8 % from the previous year. Average live weight was up 1 pound from the previous year to 257 pounds. In recent weeks, hog slaughter has been running 10-12% above a year ago. Prices at mid-May (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$43 per cwt, up about \$8.00 from mid-April. Hog prices for the third quarter are expected to average around \$40 per cwt.

♦**Other Livestock.** April **milk production** was up 1% from the previous year. Production per cow rose 1.5%, which more than offset the less than 1% decline in cow numbers. The April **Basic Formula Price (BFP)** was \$12.01 per cwt, down 80 cents from March. **Cheddar cheese prices** (U.S. 40-pound blocks, wholesale) decreased 2.7 cents the first week of May, but increased 1.0 cents the second week, the first increase in 13 weeks. This suggests that the May BFP will likely decrease. During March, total **cheese** production was 1.0% above the previous year, **butter** production was down 5.1%, and **nonfat dry milk** production was down 7.9%. **Sheep slaughter** for April totaled 383,600 head, up 14% from last year's number. The number of **layers** in U.S. flocks on April 1 was 3% above a year earlier with table egg

layers up 2%, broiler-type hatching up 5%, and egg-type hatching unchanged. U.S. **egg production** for the 2nd quarter of 1998 is expected to be up about 2% from a year ago. During March, 1998, **egg production** was up 3% from the previous year. **Market egg production** was up 3 % while **hatching egg production** was up 4%. **Market egg prices** (Grade A large, NY) for the 2nd quarter of 1998 are expected to average 69-71 cents per dozen and improve to 73-77 cents for the third quarter. For the week ending May 16, cumulative **broiler placements** for 1998 in the 15 selected States were 2.65 billion, up slightly from the same period a year earlier. The broiler price (wholesale, 12 city) for 2nd quarter is expected to be 57-59 cents and increase to the 58-62 cent range in the 3rd quarter. Cumulative **turkey poult placements** for the 1998 marketing year are now running 5% less than a year ago. Placements in April were 9% less than last April as a result of low prices and high cold storage stocks. Prices (8-16 lb hens, Eastern Region) for the 3rd quarter of 1998 are expected to be in the 61-65 cent range compared with the expected 58-60 cents per pound for the 2nd quarter. **Supplies in refrigerated warehouses** the end of April compared with a year earlier were: chicken down 8%, turkeys up 6%, pork up 10%, beef up 18%, cheese down 2%, and frozen orange juice up 24%.

♦**Trade.** May U.S. **trade projections** present initial assessments for crop exports for the 1998/99 season and first projections of U.S. livestock product exports for the 1999 calendar year. May projections for the volumes of **exports** for the 1998/99 marketing years compared to 1997/98 are: **wheat** up 9%, **corn** up 7%, **rice** down 1%, **cotton** down 20%, **soybeans** up 1%, **soybean oil** unchanged, and **soybean meal** up marginally. May projections for the volumes of meat exports in calendar 1999 compared to 1998 are: **beef** up 3%, **pork** up 4%, **broilers** up 2%, and **turkeys** up 8%. The **U.S. trade deficit** for goods and services increased to a **record level** of \$13.0 billion, up from \$12.2 billion in February. The **U.S. agricultural trade surplus** was \$1.28 billion in March, compared with \$1.66 billion in February.

♦**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, rose a seasonally adjusted 0.2% in April and rose 1.4% over the last 12 months. The **PPI** rose 0.2% in April; this followed a decrease of 0.3% in March. For the 12-month period ending in April, the PPI decreased 1.2%. The April **prime rate**, at 8.5%, has been unchanged since April 1997. Compared to a year earlier, **feed prices** in April were down 13%, **feeder livestock and poultry** prices were unchanged, **fertilizer** down 8%, **ag chemicals** up 3%, **farm machinery** up 4%, **seeds** up 3%, and **fuels** down 13%.

♦**World Weather and Crop Developments** (May 10-16). Weather conditions continued to favor summer crop planting in **Ukraine** and **southern Russia**. Widespread rain delayed early spring grain planting in the **Urals, Siberia, and Kazakstan**. Warm, dry weather in the northern half of **Europe** helped summer crop planting and promoted winter grain development. Winter grain planting progressed in **Australia**. Spring plantings in **Canada** continued to make rapid progress, but moisture was needed in parts of the Prairies and Ontario. Unseasonably hot, dry weather reduced moisture supplies across most of **Mexico** and **Central America**, delaying early fieldwork. Showers benefited rice transplanting in **Thailand** and eased dryness for main-season crops in southern **Vietnam** and the **Philippines**. Rain continued to benefit winter wheat and summer crops across the **North China Plain**, while dry weather favored summer crops planting in **Manchuria**. Heavy showers returned to southern **Paraguay** and southern **Brazil**, exacerbating cotton and soybean harvest delays. Temperatures averaged considerably above normal over most of the **United States** east of the Rocky Mountains, promoting rapid crop development and increased field activity. In the eastern Corn Belt and Southeast, drier weather accompanied the high temperatures, allowing farmers to substantially advance corn and cotton planting. A line of thunderstorms that formed in the Dakotas and moved across Iowa improved soil moisture conditions and aided germination of small grains and corn. Cool, wet weather continued to hamper planting activities in California.

♦**Other News. Agricultural Outlook (ERS):** Large U.S. supplies of **major field crops** in 1998/99 will reduce season-average farm prices for most field crops from 1997/1998, based on USDA's first 1998/99 forecasts of U.S. and world supply and demand. After surging to record highs during 1995 and 1996, **grain prices** are forecast to return to the levels of the early 1990's, while **soybean prices** will return to levels last seen in the 1980's. The slump also reflects weaker foreign demand. Although lower prices will encourage gains in domestic consumption in 1998/99, **export growth** will be relatively limited because of larger supplies in some competing countries and weak import demand resulting from the Asian economic crisis. **Red meat and poultry** production will remain large in 1999, about the same as 1998. Increases in **pork** and **broiler production** will likely offset a sharp decline in **beef** production. Primary market prices for **hogs** and **poultry** are expected to be about the same as in 1998, while **cattle prices** rise. Despite stagnant hog and poultry prices in 1999, producer returns are expected to improve as feed cost decline. Foreign direct investment has become the leading means for U.S. processed food companies to participate in **international markets**. Affiliates of U.S.-owned food processing companies had \$30 billion in sales throughout the Western Hemisphere in 1995, nearly 4 times the level of processed food exports. Study indicates that trade and foreign direct investment are complementary, not competitive, means of accessing international food markets.
